

PUBLIC



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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

FEB 29 2016

REPORT FOR THE PERIOD BEGINNING 1/1/2015 AND ENDING 12/31/2015  
Washington DC 409 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

First Brokerage America, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

135 N Meramec

(No. and Street)

Clayton

MO

63105

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Clark B. Tucker

(205) 721-0507

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Brown Smith Wallace, LLC

(Name -- if individual, state last, first, middle name)

6 CityPlace Drive, Suite 900

St. Louis

MO

63141

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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*Handwritten signature*

JG

OATH OR AFFIRMATION

I, Eugene R Todd, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Brokerage America, LLC, as of December 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

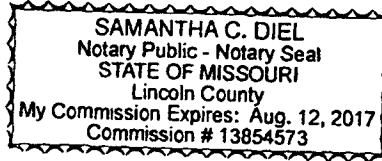
E. R. Todd

Signature

President & CEO

Title

  
Notary Public



This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) A copy of the Exemption Report
- (p) Independent auditor's report on Exemption Report

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Condition.....	2
Notes to Statements of Financial Condition.....	3



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A MEASURABLE DIFFERENCE

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Members  
First Brokerage America, LLC  
Clayton, Missouri

We have audited the accompanying statements of financial condition of First Brokerage America, LLC (a Nevada limited liability company) as of December 31, 2015 and 2014, and the related notes to the financial statements. These financial statements are the responsibility of First Brokerage America, LLC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of financial condition are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statements of financial position presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements of financial condition referred to above presents fairly, in all material respects, the financial position of First Brokerage America, LLC as of December 31, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

*Brown Smith Wallace, LLP*

BROWN SMITH WALLACE, LLP  
St. Louis, Missouri  
February 19, 2016

**FIRST BROKERAGE AMERICA LLC**

**STATEMENTS OF FINANCIAL CONDITION**

**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents .....	\$ 1,048,358	\$ 1,003,992
Investment securities, at fair value .....	—	143,880
Accounts receivable, less allowance for doubtful accounts of \$3,000 at December 31, 2015 and 2014 .....	102,730	165,998
Property and equipment, net of accumulated depreciation of \$135,322 and \$117,197 at December 31, 2015 and 2014, respectively .....	36,204	56,928
Other assets .....	21,633	71,047
Total assets .....	<u>\$ 1,208,925</u>	<u>\$ 1,441,845</u>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses .....	<u>\$ 336,673</u>	<u>\$ 470,743</u>
<b><u>MEMBERS' EQUITY</u></b>		
Members' capital .....	176,000	176,000
Retained earnings .....	696,252	707,772
Accumulated other comprehensive income .....	—	87,330
Total members' equity .....	<u>872,252</u>	<u>971,102</u>
Total liabilities and members' equity .....	<u>\$ 1,208,925</u>	<u>\$ 1,441,845</u>

The accompanying notes are an integral part of the statements of financial condition.

**FIRST BROKERAGE AMERICA LLC**  
**NOTES TO STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015 AND 2014**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations.** First Brokerage America LLC (the Company) is owned equally by three members (Members). The Company is a registered broker-dealer and does not carry client accounts or perform custodial functions relating to client securities. The Company also brokers personal and commercial insurance products and services and is a registered investment advisor in California, Florida, Illinois and Missouri. The Company is a registered member of the Financial Industry Regulatory Authority (FINRA).

The Company is affiliated with First Banks, Inc. (First Banks) through common ownership. The Company currently operates in certain premises of First Banks' subsidiary financial institution, First Bank, throughout California, Illinois and Missouri.

**Basis of Presentation.** The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from those estimates.

In connection with the preparation of the financial statements, the Company has evaluated subsequent events after the statement of financial condition date of December 31, 2015 through February 19, 2016, the date on which the financial statements were issued.

**Cash and Cash Equivalents.** For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company's cash and cash equivalents are on deposit with two major domestic financial institutions, one of which is an affiliate through common ownership. At times, bank deposits may be in excess of federally insured limits.

**Accounts Receivable.** Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. During the year ended December 31, 2015, there were no changes in the valuation allowance.

**Comprehensive Income / Loss.** GAAP normally requires that recognized revenue, expense, gains and losses be included in net income. Although certain changes in assets are reported as a separate component of the equity section of the statements of financial condition, such items, along with net income, are components of comprehensive income / loss.

**Investment Securities.** Investment securities are stated at fair value. Unrealized gains or losses resulting from adjusting available-for-sale investment securities to fair value are reported as accumulated other comprehensive income or loss in a separate component of the equity section of the statements of financial condition.

**FIRST BROKERAGE AMERICA LLC**

**NOTES TO STATEMENTS OF FINANCIAL CONDITION (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**Property and Equipment.** Property and equipment is carried at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred; expenditures for betterments are charged to the property and equipment accounts.

Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from one to seven years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the property and equipment accounts and gains or losses resulting therefrom are included in the statement of comprehensive income / loss.

**Income Taxes.** Income taxes have not been provided for in the statements of financial condition since the Company is treated as a partnership for income tax purposes and therefore the Members of the Company are responsible for their individual tax payments.

The Company has addressed the provisions of Accounting Standards Codification (ASC) 740-10, *Accounting for Income Taxes*. In that regard, the Company has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary at this time to cover any uncertain tax positions.

**(2) INVESTMENT SECURITIES**

The Company owned 3,000 shares of common stock of The Nasdaq Stock Market, Inc. (NASDAQ) at December 31, 2014. This stock was sold in 2015 resulting in cash proceeds of \$177,665 and a gain of \$121,115.

**(3) FAIR VALUE DISCLOSURES**

In accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, financial assets and financial liabilities that are measured at fair value subsequent to initial recognition are grouped into three levels of inputs or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the reliability of assumptions used to determine fair value. The three input levels are as follows:

Level 1 Inputs – Valuation is based on quoted prices in active markets for identical instruments in active markets.

Level 2 Inputs – Valuation is based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

FIRST BROKERAGE AMERICA LLC

NOTES TO STATEMENTS OF FINANCIAL CONDITION (CONTINUED)

DECEMBER 31, 2015 AND 2014

The following describes valuation methodologies used to measure different assets and liabilities at fair value.

**Cash and cash equivalents.** Cash and cash equivalents, including an investment in a money market fund, are recorded at fair value on a recurring basis. At December 31, 2015, cash and cash equivalents were \$1,048,358, in aggregate, of which \$841,192 represented an investment in a money market fund. At December 31, 2014, cash and cash equivalents were \$1,003,992, in aggregate, of which \$637,724 represented an investment in a money market fund. Cash and cash equivalents included in Level 1 are valued using quoted market prices.

**Available-for-sale investment securities – equity securities.** Available-for-sale investment securities are recorded at fair value on a recurring basis. Available-for-sale investment securities included in Level 1 are valued using quoted market prices.

**Nonqualified deferred compensation plan.** The Company's nonqualified deferred compensation plan is recorded at fair value on a recurring basis. The unfunded plan allows participants to hypothetically invest in various specified investment options such as equity funds, international stock funds, capital appreciation funds, money market funds, bond funds, mid-cap value funds and growth funds. The nonqualified deferred compensation plan liability is valued based on quoted market prices of the underlying hypothetical investments. The Company classifies its nonqualified deferred compensation plan liability as Level 1 due to the nature of the underlying hypothetical investments and the ability to value such investments using quoted market prices.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 are reflected in the following table:

	<u>Fair Value Measurements</u>			
	<u>December 31, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<b>Assets:</b>				
Cash and cash equivalents.....	<u>\$ 1,048,358</u>	<u>—</u>	<u>—</u>	<u>\$ 1,048,358</u>
<b>Liabilities:</b>				
Nonqualified deferred compensation plan ..	<u>\$ 101,622</u>	<u>—</u>	<u>—</u>	<u>\$ 101,622</u>

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 are reflected in the following table:

	<u>Fair Value Measurements</u>			
	<u>December 31, 2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 1,003,992	—	—	\$1,003,992
Available-for-sale investment securities .....	<u>143,880</u>	<u>—</u>	<u>—</u>	<u>143,880</u>
Total .....	<u>\$ 1,147,872</u>	<u>—</u>	<u>—</u>	<u>\$1,147,872</u>
<b>Liabilities:</b>				
Nonqualified deferred compensation plan ..	<u>\$ 158,132</u>	<u>—</u>	<u>—</u>	<u>\$ 158,132</u>



**FIRST BROKERAGE AMERICA LLC**

**NOTES TO STATEMENTS OF FINANCIAL CONDITION (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**(4) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment.....	\$ 171,526	\$ 174,125
Less: accumulated depreciation.....	<u>(135,322)</u>	<u>(117,197)</u>
	<u>\$ 36,204</u>	<u>\$ 56,928</u>

**(5) NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1) of the Securities Exchange Act of 1934. Under the Rule, the Company is required to maintain minimum Net Capital, as defined, equal to the greater of \$50,000 or 6 2/3% of aggregate indebtedness, and the ratio of aggregate indebtedness to Net Capital cannot exceed 1.5 to 1.

At December 31, 2015, the Company had Net Capital of \$717,381, which exceeded the required minimum Net Capital requirement of \$50,000 by \$667,381, and the ratio of aggregate indebtedness to Net Capital was 0.47 to 1.

The Company is exempt from the provisions of Securities and Exchange Commission Rule 15c3-3 of the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule. As an introducing broker, the Company clears client transactions on a fully disclosed basis with National Financial Services, LLC.

**(6) CLEARING BROKER-DEALER DEPOSITS AND CONTRACTUAL OBLIGATIONS**

The Company's clients' accounts are carried by the carrying broker-dealer. Execution and clearing services are also performed by the carrying broker-dealer. The agreement between the Company and the carrying broker-dealer stipulates that all losses resulting from the Company's clients' inability to fulfill their contractual obligations are the responsibility of the Company. The Company is contractually obligated to maintain a deposit account at its clearing broker-dealer. As designated by the terms of the agreement, the account shall at all times contain cash, qualified securities, or a combination of both, having a market value of at least \$50,000. Accordingly, the Company carries a deposit with the broker-dealer in the amount of \$50,000, which is included in cash and cash equivalents in the accompanying statements of financial condition.

Included in the Company's clearing agreements with its clearing broker is an indemnification clause. This clause relates to instances where the Company's clients fail to settle security transactions. In the event this occurs, the Company has indemnified the clearing broker to the extent of the net loss on the unsettled trade. At December 31, 2015, management of the Company had not been notified by the clearing broker, nor were they otherwise aware, of any potential losses relating to this indemnification.

## FIRST BROKERAGE AMERICA LLC

### NOTES TO STATEMENTS OF FINANCIAL CONDITION (CONTINUED)

DECEMBER 31, 2015 AND 2014

(7) **EMPLOYEE BENEFITS**

Substantially all of the Company's employees may elect to participate in First Banks' 401(k) plan, a self-administered savings and incentive plan. The plan assets are held and managed under a trust agreement with the Trust Department of First Bank. Employee contributions were limited to \$18,000 of gross compensation for 2015. Under the plan, employer matching contributions are determined annually by First Banks' Board of Directors. The Company's contributions under the plan were \$76,568 for the year ended December 31, 2015.

The Company offers an unfunded non-qualified deferred compensation plan to select management and highly compensated individuals meeting various requirements. The plan is exempt from the participation, vesting, funding, and fiduciary requirements of the Employee Retirement Income Security Act of 1974. Although the plan allows the Company to credit the accounts of any participant with discretionary contributions, no such discretionary contributions have been made since the plan's inception. Participants may contribute from 1% to 25% of their salary and up to 100% of their bonuses on a pre-tax basis. There were no participant contributions made to the plan during the year ended December 31, 2015.

Balances outstanding under the plan, which are reflected in accounts payable and accrued expenses in the accompanying statements of financial condition, were \$101,622 and \$158,132 at December 31, 2015 and 2014, respectively. The Company recognized salaries and employee benefits expense related to the plan of \$149 for the year ended December 31, 2015, resulting from net earnings incurred by participants on the underlying hypothetical investments in the plan.

(8) **RELATED PARTY TRANSACTIONS**

The Company has entered into a brokerage service agreement with First Bank, an indirect wholly-owned subsidiary of First Banks, whereby the Company pays a fee on a monthly basis for occupancy of certain First Bank premises from which brokerage business is conducted. Beginning December 1, 2015, the monthly fee is calculated as 5% of the preceding month's total gross revenue. From January 1, 2015 through November 30, 2015, the monthly fee was calculated as 15% of the preceding month's gross revenue generated from packaged securities and fixed and variable annuities. The fee was \$341,190 for the year ended December 31, 2015. Accrued fees due to First Bank at December 31, 2015 and 2014 totaled \$12,849 and \$38,252, respectively, and are included in accounts payable and accrued expenses in the accompanying statements of financial condition.

The Company has entered into an affiliate lease agreement with First Bank, whereby the Company pays a rental fee on a monthly basis for occupancy of approximately 832 square feet located in a building owned by First Bank. Total rent expense incurred by the Company under the lease obligation was \$14,976 for the year ended December 31, 2015.

The Company pays First Bank and its affiliates for certain management, internal audit, accounting and marketing services performed by First Bank personnel. Total professional fees incurred by the Company related to these services were \$65,143 for the year ended December 31, 2015. Accrued professional fees due to First Bank and its affiliates at December 31, 2015 and 2014 totaled \$65,143 and \$19,240, respectively, and are included in accounts payable and accrued expenses in the accompanying statements of financial condition.

**FIRST BROKERAGE AMERICA LLC**

**NOTES TO STATEMENTS OF FINANCIAL CONDITION (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**(9) LITIGATION**

In the ordinary course of business, the Company becomes involved in legal proceedings. While some matters pending against the Company specify damages claimed by plaintiffs, others do not seek a specified amount of damages or are at very early stages of the legal process. The Company records a loss accrual for all legal matters for which it deems a loss is probable and can be reasonably estimated. Management, after consultation with legal counsel, believes the ultimate resolution of these proceedings is not reasonably likely to have a material adverse effect on the business, financial condition or results of operations of the Company and the ranges of possible additional loss in excess of amounts accrued is not material.